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Why Certain CBD Product Categories Face More Payment Restrictions

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The FDA has said plainly that CBD does not fit its existing rules for food or supplements. That position, unresolved since the agency's 2023 statement, is the root of a pattern that confuses many hemp sellers: two products can be equally legal and still get very different answers from a bank. Restriction levels track a handful of specific risk drivers, and a seller who knows them can predict which categories a processor will resist before applying.

The Unfinished Federal Rulebook

Hemp became federally legal under the 2018 Farm Bill at 0.3% **delta-9** THC or less. Federal legality covers growing and selling, while approval to consume remains open, because the FDA has declined to classify CBD as a dietary supplement or food additive. That gap is the single largest driver of restriction.

Banks absorb the ambiguity. Approving an ingestible CBD account is a bet on a regulatory question the agency itself has left open, so the processor prices it through tighter terms or declines it. The categories closest to food and medicine are closest to the unresolved rule, and they face the heaviest restrictions as a result. The agency told Congress in 2023 that its existing frameworks do not fit CBD and asked for a new pathway. That pathway has not arrived, so every ingestible account still rests on an unfinished rule. Enforcement has continued in the meantime, with warning letters aimed at products making health claims.

The Intoxication Line

The sharpest divide is intoxication. CBD that stays non-intoxicating, under the 0.3% delta-9 cap, can reach mainstream processors under strict compliance. Intoxicating hemp, including delta-8 and delta-9 products, generally cannot. This one distinction decides if a merchant works with ordinary high-risk providers or is pushed into the hardest corner of the payments industry.

Selling both sides of this line on one account inherits the stricter treatment for everything. The intoxicating SKU sets the risk level for the whole account, no matter how compliant the rest of the catalog is. This is why underwriters ask for a full SKU list at onboarding, since one intoxicating item can reclassify the entire application.

Sorting Risk at the Processor

This is why the processor matters as much as the product. **CBD payment processing** is underwritten to price the specific risk, the same way an insurer rates a driver by record rather than turning away everyone under 25. A provider fluent in the category reads its normal patterns as normal and prices the real risk under the label.

That fluency is why category and processor belong in the same decision. Planning a catalog without checking which items a given provider will approve builds a product line no ordinary account will approve.

Chargebacks and Friendly Fraud

Dispute rates are a measurable driver that underwriters track directly. CBD categories see dispute rates that approach or exceed 1.5%, against a general retail average near 0.26% in 2025. Card networks act when a merchant crosses roughly 1%, so a category that starts above the general average has less room before penalties begin. That elevated dispute rate feeds directly into pricing, since a category that stays above the network ceiling pays a premium on every transaction and has little room to negotiate it down.

Much of the pressure is **friendly fraud**, where a real customer disputes a charge for a product they ordered and received. Efficacy doubt feeds it, since a buyer who feels a tincture did nothing may call the bank instead of the seller. Ingestibles attract more of this than topicals, which is one more reason the swallowed categories face tighter terms. Networks count these disputes much like fraud, so a wave of efficacy complaints can move an account toward review even when every sale was legitimate.

The Route of Consumption

How a product enters the body shapes its restrictions more than the CBD label does. Ingestibles fall under the FDA's food and supplement authority, the exact area the agency has refused to settle. Topicals, absorbed through the skin, fall outside most of that authority and face lighter review. Inhalables add hardware the networks treat as tobacco-adjacent, along with age-gating duties that raise the compliance load. The same CBD, in three delivery formats, can therefore fall into three different risk tiers. Processors underwrite each format on its own, so adding a tincture to a topical line requires a new approval.

Mislabeleding and Product Integrity

Testing failures raise the whole category's risk. Studies have documented **widespread mislabeling** in hemp and cannabis products, with actual contents differing from the label. When a processor cannot trust that a product contains what it claims, every account in that category inherits the doubt. Certificates of analysis matter to underwriters for this reason as much as to regulators, and categories with weaker testing norms face steeper scrutiny. A single failed lab result can end an account, because it turns a compliance question into a proven one and puts the processor's own standing with the networks at stake.

Reputational Exposure for Banks

Reputation drives part of the restriction on its own. CBD still has a historical association with **marijuana**, and a bank weighs how a category looks to regulators and correspondent partners. A conservative institution may decline profitable hemp accounts to avoid that association, which

pushes those merchants toward the smaller pool of processors willing to accept the risk. Caution about appearances, more than economics, explains why some banks avoid the category entirely. The effect compounds, because each bank that steps back leaves the remaining processors with more concentrated exposure and more reason to price it in.

Formats That Draw Regulatory Attention

Products that resemble candy or soda invite the fastest crackdowns. Delta-9 seltzers and **delta-8 gummies** have drawn state action precisely because they appeal to young buyers, and processors respond by restricting or banning those formats before regulators finish. A category tied to youth appeal adds political risk that a plain oil avoids, and payment access narrows accordingly. Sellers who keep youth-appealing formats on a separate, purpose-built account limit the damage when a state moves against a format. State timelines also move faster than card networks, so a format can be legal to sell and hard to process in the same week.

A Restriction Built on Open Questions

These restrictions are responses to unsettled rules. An FDA that has not classified the ingredient, a THC line Congress keeps redrawing, and dispute rates that stay above the norm each add a layer, and each can ease when the underlying question closes. The category that looks hardest to bank today could move first once its drivers fall away. Until then, the seller who reads the drivers correctly places each product where it can actually accept a card, and treats the restriction level as information about where each product can go.

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